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GOVERNMENT OF INDIA

MINISTRY OF FINANCE

NOTIFICATION

New Delhi, the 30th June 1948

No. F.11(7)-F.I/48.—In exercise of the powers conferred by section 23 of the Rehabilitation Finance Administration Act, 1948, (XII of 1948), the Central Government is pleased to make the following rules, namely:—

RULES.

1. *Short Title and Commencement.*—(1) These rules may be called the Rehabilitation Finance Administration Rules 1948. (2) They shall come into effect at once.

2. *Regional Committees.*—A Regional Committee, constituted under sub-section (1) of section 5, shall consist of such members not exceeding seven in number as may be nominated by the Central Government. A member shall hold office for a term of two years from the date of his nomination but shall be eligible for re-nomination. A member may resign his membership by writing under his hand addressed to the Central Government and he shall thereupon cease to be a member.

3. *All appointments and nominations to the Administration, the Advisory Board and Regional Committees to be Gazetted.*—All appointments to the Administration made under clauses (a) and (b) of sub-section (1) of section 4, all nominations to the Administration and the Advisory Board made under clause (c) of sub-section (1) of section 4 and sub-section (2) of section 5, and all nominations to Regional Committees made under rule 2 shall be notified by the Central Government in the official Gazette.

4. *Ordinary members and ex-officio members.*—A person may be a member of both the Advisory Board and a Regional Committee. The Chief Administrator, and the non-official members of the Administration, shall be ex-officio members of the Advisory Board, entitled to take part in discussion but not entitled to vote. Not more than one member of the Administration shall be an ex-officio member of a Regional Committee and such member shall be entitled to take part in discussion but not entitled to vote. The Deputy Chief Administrator in-charge of the East Punjab Branch and the Managers of other branches shall respectively be ex-officio members of the Regional Committees constituted to advise their respective branches and shall preside at the meetings of those Committees.

5. *Absence from meetings of the Administration, the Advisory Board and Regional Committees.*—If a nominated member of the Administration, the Advisory Board or a Regional Committee fails, without sufficient cause accept-

able to the Central Government, to attend three consecutive meetings he shall be deemed to have vacated his office on such date as the Central Government may fix.

6. *Absence to be reported to the Central Government.*—When a member has remained absent from three consecutive meetings, the Chief Administrator shall report the fact to the Central Government stating the reasons given by the member for his absence.

7. *Usual vacancies and fresh nominations to be gazetted.*—All casual vacancies in the Administration, the Advisory Board and the Regional Committees and all fresh appointments and nominations made to fill such vacancies, shall be notified by the Central Government in the official Gazette.

8. *Funds of the Administration.*—For the purposes of sub-section (2) of section 11, only such funds as are not invested in approved securities or in loans and rediscounts under clause (a) and (b) of section 12 shall be deposited in the Reserve Bank of India or its agents. PROVIDED, that the head office and each branch of the Administration may keep in its hands at any time a sum not exceeding rupees five thousand in cash.

9. *Interest.*—(1) The interest at 3 per cent. per annum payable by the Administration to the Central Government under section 11(3) shall be calculated on the balance actually outstanding against the Administration from time to time, provided, that interest on monies advanced to the Administration after the first day of a calendar month shall commence to run from the first day of the following calendar month.

(2) At the close of each financial year, the Administration shall calculate the amount of interest payable to the Central Government and enter the amount in the relative account under advice to the Central Government. In the advice the amount of principal and of interest due at the close of the financial year shall also be stated. PROVIDED, that interest shall not be compounded with the principal.

10. *Business of the Administration.*—For purposes of clause (a) of section 12 amounts returning to the Administration from its borrowers may again be advanced by the Administration to other borrowers.

11. *Re-discount of bills of exchange and promissory notes and guarantee of losses to scheduled banks and syndicates of banks.*—A syndicate of banks making an application to the Administration for assistance under clause (b) or (c) of section 12 may be required to submit to the Administration a statement showing the financial basis on which it is formed and the names of the banks joining it, together with the latest available balance sheet of each such bank and such other information regarding the standing and financial position of all or any of such banks as the Administration may ask for.

12. *Prohibition of rediscount and guarantee.*—The Administration shall not rediscount bills of exchange or promissory notes for, or guarantee part of the losses of, any syndicate not approved by it.

13. *Option to rediscount or guarantee.*—The Administration may in its discretion refuse to rediscount a bill of exchange or promissory note under clause (b) of section 12 or guarantee any loss under clause (c) of section 12, if in its opinion the loan has not been made to a displaced person or has not been made for purposes of business or industry, or does not conform to other provisions of the Act and these rules. A scheduled bank or an approved syndicate of banks may, before granting a loan, submit full particulars thereof to the Administration to ascertain whether the loan will be acceptable for purposes of clauses (b) and (c) of section 12. If the Administration approves the grant

of the loan, it shall be bound, when subsequently called upon to do so, to rediscount the relative bill of exchange or promissory note or guarantee a part of the loss on the loan, as the case may be, unless the terms on which the loan has been granted differ in any material respect from those indicated in the reference made to the Administration.

14. *Rate of rediscount.*—Rediscounts under clause (b) of section 12 shall be made at not less than $3\frac{1}{2}$ per cent.

15. *Power of inspection.*—For purposes of sub-section (3) of section 17, the Central, Provincial, or State Government as the case may be, and the Officers authorised by such Government in writing in this behalf, shall be deemed to be legally entitled to receive from the Administration and its employees all or any information relating to the affairs of its borrowers.

16. *Returns.*—The half-yearly report under section 18 shall be submitted to the Central Government by the Administration as at the close of business of 30th June and 31st December each year and within two months of these dates. Besides such other particulars as Government may from time to time ask for, the report shall contain the following information:—

- A.—(i) Total amount of principal due to Government;
- (ii) Total amount of interest due to Government;
- (iii) Total principal amount outstanding on advances made by the Administration ;
- (iv) Approximate total amount of interest accrued on (iii) but not yet received;
- (v) Total of the monies of the Administration lying with the Reserve Bank of India and its agents;
- (vi) Total of the cash balances at the head office and branches of the Administration;
- (vii) Total outstanding rediscounts of Bills of Exchange and Promissory Notes;
- (viii) If the total of (i) and (ii) exceeds the total of (iii) to (vii), an explanation of the deficit;
- (ix) Total cost of running the Administration during the half-year.
- B.—(i) The total number of new advances sanctioned by the Administration during the half-year—(a) for business, (b) for industry;
- (ii) The total amount for which the advances in (i) were sanctioned;
- (iii) The total amount out of (ii) actually advanced during the half-year;
- (iv) The highest, the lowest and the average amounts for which (a) business advances and (b) industrial advances were sanctioned during the half-year;
- (v) Classification of (i) and (ii) into advances to (a) individuals, (b) joint Hindu family firms, (c) partnerships, (d) private limited companies, (e) co-operative societies and (f) joint stock companies.
- (vi) Total amount advanced by the Administration during the half-year in respect of advances previously sanctioned.
- C.—(i) Total amount outstanding on (a) loans granted by the Administration and (b) interest thereon, at the commencement of the half-year;
- (ii) Total amount recovered during the half-year (a) on account of principal and (b) on account of interest.

- D.—(i) Total amount overdue from borrowers at the commencement of the half-year;
 (ii) Total amount which became overdue during the half-year;
 (iii) Total overdue amount recovered during the half-year;
 (iv) Total amount overdue at the close of the half-year and the total number of defaulters.
- E.—(i) Total investment of the Administration as at the close of the half year in rediscounts under clause (b) of section 12;
 (ii) Total liability of the Administration as at the close of the half-year on guarantees under clause (c) of section 12;
- F.—(i) Number of cases in which legal action had to be taken against defaulters during the half-year;
 (ii) Number of cases in which the business or industry of a defaulting borrower had to be taken charge of by the Administration.
- G.—Number of persons rehabilitated by the Administration (a) directly, (b) indirectly, (c) total, from the date the Administration was set up to the close of the half-year.

H. S. NEGI, Dy. Secy.